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Briefing 1: The Big Society and Welfare reform

McKee, K., Moore, T., & Muir, J. (2014). *Briefing 1: The Big Society and Welfare reform*. (The Big Society, Localism and Housing Policy: an ESRC Seminar Series). University of St Andrews.
<http://bigsocietymlocalismhousing.co.uk/>

Document Version:

Publisher's PDF, also known as Version of record

Queen's University Belfast - Research Portal:

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The Big Society, Localism and Housing Policy: an ESRC Seminar Series

Briefing 1: The Big Society and Welfare Reform

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July 2014

Introduction

Drawing on presentations given across the seminar series as a whole this briefing paper (no 1) explores the interconnections between the Big Society, and that of the current welfare reform agenda being advanced by the UK coalition government.

Big Society, Not Big Government

The Big Society agenda reflects a particular way of seeing the world: both in terms of 'problems' and proposed 'solutions'. Whilst key discourses within the Big Society include participation, mutuality, voluntarism and locality, it is more than simply a localist agenda. Above all else it represents a rejection of big government and the welfare state. The Prime Minister, David Cameron, has evoked the rhetoric of 'Broken Britain' to justify a fundamental restructuring of the British welfare state, including social housing. Underpinning this agenda for change is the belief that many of the social problems facing the nation today are caused by a welfare state that has privileged benefit claimants over 'hard-working families'. This represents a particular view of human behaviour, and both the causes of and solutions to poverty. Whilst there are clear parallels with previous debates around the underclass and social exclusion, there is nonetheless a new and distinctive geography at play here. These welfare narratives depict 'problem' neighbourhoods as isolated and distinct places, bereft of the virtues of hard-work, self-reliance and responsibility. Such negative stereotypes construct low-income households and low-income neighbourhoods as 'the other'. Yet these individual accounts of poverty are in stark contrast to the promotion of active citizenship and community action at the heart of the Big Society agenda – highlighting a fundamental tension at the heart of the coalition government's programme of reform.

Welfare Reform and Social Housing

Welfare reform poses massive challenges for the social rented sector: both tenants and landlords. Tenants are facing a multitude of benefit changes simultaneously:

- *The Bedroom Tax*: the spare room subsidy (aka the bedroom tax) equates to a reduction in housing benefit for tenants occupying a property deemed to be bigger than they need. Whilst the government argues this is to tackle under-occupancy, in reality there are limited number of smaller properties in the sector for tenants to move into. The effect of which is rising arrears, evictions and reliance on Discretionary Housing Payments to meet the shortfall in income. This reliance has varied geographical effects, with increasing levels of conditionality [imposed](#) on recipients.
- *Universal Credit*: when introduced it will bring a range of working age benefits and tax credits into one monthly payment managed through an online account. It includes support for housing costs, which will no longer be paid direct to the landlord.

Moreover it caps the amount of benefits that households can claim, regardless of circumstances or where in the country they live. Whilst the government argues the reforms will promote greater independence and make the benefits systems fairer, concerns have been expressed about the IT and budgeting requirements it will place on tenants. Large families with children are also likely to be hit very hard in terms of loss of income.

- *Other:* the increase in the shared accommodation rate for under 35's poses particular problems for young adults leaving home; replacement of Incapacity Benefit with Employment and Support Allowance has introduced more stringent medical assessments, with thousands now deemed 'fit for work'; the increasing use of sanctions for those claiming Jobseekers Allowance, has left many claimants effectively destitute. It is no coincidence that growing numbers have been seeking access to food banks since the welfare reform programme began.

The cumulative effect of these changes is greater hardship for many households, some of whom are being forced into poverty and destitution. The impacts of these reforms are also highly uneven. Those most affected are households with disabilities and/or living in adapted housing, separated parents, and those facing homelessness. Geography is also significant in terms of the specific nature of local labour and housing markets, and the impact this has on cost of living. To escape the financial penalties associated with the Bedroom Tax some families have been forced to move to the private rented sector. Yet shifting tenants from social to private renting is likely to increase, not reduce, the overall cost of housing benefit to the public purse given the differences in monthly rents between the sectors.

Social Landlords' Response

Social landlords have endeavoured to adopt a proactive response to welfare reform: both to prevent their tenants experiencing unnecessary hardship, but also to ensure they can continue to collect rents, which are vital to sustaining their businesses. Landlords have invested significant sums in providing employment and skills training, welfare and debt advice, and have also undertaken reforms to their allocations policies to give greater priority to those looking to move to a smaller property. Whilst this is positive, it is ultimately using up financial reserves which could otherwise have been spent on investing in their housing stock and providing other community-level services. Moreover, the Bedroom Tax has skewed new building in the sector towards smaller properties, which seems an unsustainable and undesirable policy outcome.

Doing Things Differently under Devolution

Devolution has however offered national administrations the opportunity to mitigate the effects of welfare reform, within the terms of the devolution settlement. Again this highlights the importance of thinking geographically when considering how the Big Society agenda has played out in different places in different ways:

- Northern Ireland: Northern Ireland has devolved powers over social security within a parity agreement with the rest of the UK, based on the principle of common taxation requiring a common level of benefits. However, Northern Ireland's Welfare Reform Bill has not yet been passed by the NI Assembly due to political differences in the cross-party Executive, and a penalty of £5m per month is being imposed by the UK Treasury. Discussions on implementation during the passage of the Bill have included a delay in the rolling out of Universal Credit, introducing greater payment flexibilities, and the housing cost element of Universal Credit to be paid direct to the landlord. There is also the possibility that the Assembly will decide to introduce the spare room subsidy/ bedroom tax for new social housing tenants only, at a cost of £17m per year from the block grant.
- Scotland: the Scottish Government has made additional funding available for Discretionary Housing Payments (DHPs) to mitigate the financial impact of the Bedroom Tax, and has proposed to abolish it should Scotland gain independence after the 2014 referendum. Gaining control over the tax and welfare system has been a strong aspect of the vote 'yes' campaign with regards to independence

Conclusion

As this briefing paper highlights welfare reform is a fundamental part of the Big Society agenda. Yet its impact may cause irreparable damage to the very communities it seeks to encourage to be active, engaged and empowered. If you are interested in reading further on this theme, please see presentations on the website by:

- Paul Broadbent, Gangmasters Licensing Authority (Seminar 1)
- Chris Dayson and Paul Hickman, Sheffield Hallam University (Seminar 2)
- Keith Dryburgh, Citizen's Advice Scotland (Seminar 3)
- John Flint, University of Sheffield (Seminar 2)
- Kim McKee, University of St Andrews (Seminar 1,3)
- David Orr, National Housing Federation (Seminar 3)
- David Robinson, Sheffield Hallam University (Seminar 2)
- Mary Taylor, Scottish Federation of Housing Associations (Seminar 2)

Further information about the seminar series can be found at:

<http://bigsocietylocalismhousing.co.uk/>

The organisers of this seminar wish to acknowledge the support of the Economic and Social Research Council, Grant Number ES/J021172/1